



Date: December 18, 1998

Mass Mailer #98-13

To: All School Districts and County Superintendents of Schools

Subject: **ADVISORY ACTIONS TAKEN BY THE STATE ALLOCATION BOARD AND OTHER ISSUES**

On November 18, 1998, the State Allocation Board (SAB) apportioned approximately \$600,000 for on-going projects, and bid approvals. On December 16, 1998, the SAB made apportionments from Proposition 1A funds in the amount of \$442 million for certain priority one new construction projects and joint use projects that were eligible for Phase C funding under the provisions of the Lease-Purchase Program (LPP). The SAB also addressed other issues as follows:

Consent Calendar

The cost index for Class D Construction increased from 1.29 to 1.30, effective November 1, 1998. The indices for Class B Construction, Furniture and Equipment and the Historical Savings Index remain unchanged.

The consent agenda for the meeting held on November 18, 1998, included Phase C “unfunded” approvals with linked phases (i.e., Phase P and/or S) for 37 projects with an “unfunded” value of approximately \$50 million. The agenda for December 16, 1998, included Phase C apportionments for 143 new construction and joint use projects in the amount of \$442 million. Districts are advised that new construction projects that received Phase C apportionments are subject to a one year Time Limit on Apportionment Policy and that joint use projects that received a Phase C apportionment are subject to an 18 month Time Limit on Apportionment policy under the provisions of the LPP. For specific information regarding these time limits, contact Don Hartin at (916) 445-0529 or via e-mail at dhartin@dgs.ca.gov.

Status of Funds

There is approximately \$130 million of Proposition 203 funds remaining in the LPP to address on-going project costs, bid approvals and funds needed for the Northridge Earthquake Program. Disposition of any Proposition 203 funds not needed for these purposes will be addressed by the SAB at the January 27, 1999, Board meeting.

OTHER ISSUES

Senate Bill (SB) 50 Regulations

At the November 18, 1998 meeting, the SAB approved the Emergency Regulations for implementation of SB 50, with two amendments. The first amendment added Regulation Section 1859.35 which clarified the methodology used for calculating the existing school building capacity of the district for purposes of new construction eligibility. The SAB directed that the adjustment in the existing school building capacity would be made based on the greater of the Substantial Enrollment Requirement (i.e. the 6% or 8% adjustment) or the pupils receiving operational grants pursuant to Education Code Section 42268. The second amendment deleted Regulation Section 1859.81(b)(4) which would have allowed certain LPP projects to meet the "reasonable effort" test of the financial hardship criteria.

The SB 50 Emergency Regulations and Forms were modified to include these amendments and submitted to the Office of Administrative Law (OAL). On December 3, 1998, they were approved by the OAL and filed with the Secretary of State. The Emergency Regulations became immediately effective and remain effective for 120 days while the OPSC completes the regulation process. Therefore, the OPSC is now accepting applications under the new School Facility Program (SFP). The SFP Emergency Regulations and Forms may be found on the OPSC web page at <http://www.dgs.ca.gov.opsc>. All SFP applications must be submitted on the forms dated December 3, 1998. Facsimiles of applications for eligibility and/or funding will not be accepted by the OPSC.

Funding of LPP Projects

In accordance with the provisions of the SFP Emergency Regulations, certain LPP projects may be funded under the provisions of the LPP with Proposition 1A funds if the district declares its intent to receive funding under the LPP for priority one modernization projects or convert a priority two project to priority one funding status no later than January 31, 1999. The specific projects are those that are deemed "grandfathered" pursuant to Regulation Sections 1859.13, 1859.14 or 1859.15 that had a Phase C "unfunded" approval or a Phase P approval and the Division of the State Architect (DSA) approval of the plans and specifications (P&S) prior to November 4, 1998.

If the district has a priority one modernization project that meets the above criteria and it intends to fund the project under the new SFP, the district must declare its intent to withdraw the application no later than January 31, 1999. If no declaration is received by the OPSC by that date, the project will receive funding as a priority one (i.e. 50/50) LPP project.

If the district has a priority two project that meets the above criteria but does not declare its intent to convert the project to priority one funding status by January 31, 1999, the project will be deemed withdrawn under the provisions of the LPP and the district will be required to submit a new application under the provisions of the SFP. Those affected districts that have projects that meet the criteria for "grandfathering" will be notified by separate letter.

If your district has a LPP project that received Phase P approval, but the P&S that were approved by the DSA prior to November 4, 1998, have not yet been submitted to the OPSC for processing,

please contact your Project Manager and submit the P&S as soon as possible in order to expedite the review/approval of your Phase C requests.

SFP Workshops

The OPSC has scheduled various SFP workshops throughout the state that will begin in January, 1999. For specific times and locations, please refer to the attached schedule or contact your Project Manager for details. If your district or county would be interested in hosting a SFP workshop sometime next year, please contact Lien Hoang at (916) 445-3833 or via e-mail at lhoang@dgs.ca.gov.

OPSC Project Managers

As a result of the projected workload from the LPP and the new SFP, the OPSC has re-organized its Project Management Section into a Northern Region under the management of Audrey Edwards and a Southern Region under the management of Dave Zian. Some Supervisors and Project Managers have also been reassigned. For specific information on the OPSC re-organization, please refer to the OPSC web page @ www.dgs.ca.gov/opsc.

Form SAB 02

Form SAB 02, *School District Board of Trustees Resolution*, is no longer required to be completed and submitted to the SAB and the DSA. This Form was previously used by the district to certify that the project's cost, regardless of funding source, and the project's building area were within the standards of the LPP pursuant to Education Code Section 39140 (now 17280). That Section was amended and this certification requirement was deleted.

Should you have questions regarding the contents of this letter, please contact your Project Manager.

Sincerely,

TED W. DUTTON
Executive Officer

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